

TESTIMONY OF BOB VONDRASEK
ON BEHALF OF SOUTH AUSTIN COALITION COMMUNITY COUNCIL
DOCKET NO. 02-0706

ILLINOIS
COMMERCE COMMISSION
2003 AUG -6 A 11:12

CHIEF CLERK'S OFFICE

Q1 Please state your name and address.

A1 My name is Bob Vondrasek. I am the Executive Director of the South Austin Coalition Community Council. My business address is 342 South Laramie, Chicago, Illinois 60644.

Q2 Please set out your educational background.

A2 I received a Bachelor of Arts Degree from Notre Dame University, graduating cum laude. I took graduate courses in English at Loyola University. I am a graduate of the Organizer Field Placement Training Program at Syracuse University.

Q3 Describe your professional experience.

A3 I have organized in low-income communities in New York State and Chicago for the past forty years. For the last twenty-three years, I have been the Executive Director of the South Austin Coalition Community Council. From 1965 to 1978, I was based in Syracuse, New York, organizing for the Syracuse Community Action Training Center, the Syracuse Community Development Association, and the New York State Tenant & Neighborhood Coalition. My organizing career in Chicago began in 1964 with the Pilsen Neighbors Community Council under an Eleanor Roosevelt Internship with the National Association of Intergroup Relations Officials.

Q4 Please state what South Austin Coalition Community Council (SACCC) is and what it does.

A4 The South Austin Coalition Community Council is a grass-roots, multi-issue neighborhood organization. For the past twenty five years SACCC has been a leading force in the Austin community in terms of promoting citizen participation and neighborhood improvement. SACCC brings together block clubs, tenant councils, parent and civic groups, and churches to take collective action on community issues including housing, jobs, education, community safety, youth, health, seniors, and utilities. Over 3,500 residents participate in one or more SACCC activities or programs during the course of the year - for SACCC, participation is synonymous with membership. SACCC is a not-for profit corporation incorporated in the State of Illinois and tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

Q5 Please elaborate on SACCC's activities regarding utilities..

A5 No issue has been more important to the SACCC organization and Austin residents over the years than affordable energy for low-income utility customers. In the 1970's, SACCC leaders were involved in national and state campaigns that successfully won moratoriums to stop heat shutoffs during the winter months. In the 1980's, SACCC spearheaded a successful campaign for a statewide percentage of income payment plan. This plan was adopted by the State of Illinois as law in 1985 until it was eliminated by the Edgar administration budget cuts in 1991. While it existed, the plan did much to reduce shutoffs for low-income households. During the 70s, 80s and 90s, SACCC participated in a number of ratemaking and rulemaking proceedings before the Illinois Commerce Commission. In 1997, SACCC led community based participation and partnered with Edison, the Citizens Utility Board, and IBEW, in gaining passage of the State of Illinois Electricity Restructuring Act. SACCC's strong support was based on the inclusion in the legislation of a monthly meter charge from all utility customers that currently generates \$76 million annually (in addition to federal LIHEAP money) for low-income energy assistance in Illinois.

SACCC's advocacy on utilities is three tiered: (1) Advocacy for low-income utility customers on an individual and group basis. SACCC staff and volunteers provide year round advocacy and troubleshooting for westside and low-income utility customers with Edison and Peoples Gas in negotiating deferred payment plans, reconnections, meter reads, name changes, medical extensions, etc. Since 1985, SACCC has also held group reconnection days in collaboration with Peoples Gas to restore heating service for the winter for customers with very large bills. SACCC advocacy efforts assist over 1000 households each year.

(2) Development of additional resources, programs and funds for low-income utility customers. In addition to the \$76 million annual fund mentioned previously, SACCC has worked over the years to press for more energy assistance from the federal LIHEAP program and the summer emergency cooling program. SACCC has also helped create or partner on a number of demonstration projects, including A Hand Up and the CARE programs with Peoples Gas, the CLEAR program and the Repair and Conservation Program with Edison, and more recently a cost saving special meter installation program with the Center for Neighborhood Technology. Since 1985, SACCC staff and volunteers have also been a site for LIHEAP applications intake, first with the Chicago Department of Human Services and since 1991 with the Community Economic Development Association of Cook County. Applications are taken for energy assistance, weatherization, emergency furnaces and emergency cooling help on light

bills and fans and air-conditioners when available. SACCC processes over 3,500 LIHEAP applications a year, including over 1000 Emergency applications from disconnected customers.

(3) Policy, legislation and regulation. Activities in this area include participation in rate cases, participation in rulemaking and legislative actions that determine customer service rules, and advocating for rules under which various state and federal programs operate. As part of this effort, SACCC and members of SACCC have served on a variety of boards and committees, both in an advisory and a decision making capacity that attempt to deal systematically with utility and energy issues.

Q6 Please describe your work for SACCC.

A6 My duties as executive director include fund-raising and supervising staff, as well as specific organization and issue committee responsibilities, including staffing the SACCC Utilities Committee since 1982. Four senior advocates, our housing staff person and I are all involved in day-to-day utility advocacy. This work includes individual advocacy, application taking and organizing on policy and legislative campaigns.

Q7 As a general matter, why is Commonwealth Edison Company having a local service center important to South Austin Coalition Community Council and those it serves?

A7 First, I want to state that a local office, where people can see someone face to face, is necessary to a customer of Edison, regardless of where that customer lives. I understand that this case concerns the closing of the Austin Bank Service Center, so the following comments apply more specifically to that office.

The Austin Bank Service Center was important to SACCC and people who lived on the westside of Chicago (although it is also true that people from throughout the City came to that office as Edison closed its other customer service centers) because (1) it facilitated negotiation and communication regarding a wide variety of customer service issues, (2) payments could be made there conveniently without additional costs such as postage and currency exchange fees and those payments would be promptly credited, (3) it was a secure and safe environment, (4) documents could be given to Edison or received from Edison immediately and (5) it allowed special needs people to be served. By special needs I mean those customers not fully capable of having their concerns and problems addressed by Edison over the telephone, by computer or by fax; those customers were disproportionately low-income customers, seniors and

the disabled.

Q8 What is the history of Edison having a local service center on the Westside of Chicago?

A8 A local service center, as I understand it, was the standard way Edison conducted its business with customers when I started working for SACCC in 1978. The first time this became an issue for SACCC was in the early 1980s. Edison proposed to close its facility at 5059 W. Polk. That facility included not only a customer service center but also a Com Ed storage and maintenance yard. SACCC filed a complaint about this with the Illinois Commerce Commission in 1986. There was litigation conducted by our attorney Stefan Krieger. At some point, settlement discussions began and this matter was resolved in the following way: Edison was allowed to close its Polk Street facility but agreed to open a customer service center at Austin Bank, 5645 W. Lake St. SACCC assisted Edison in finding and contracting for that facility.

At one time, Edison had 17 customer service centers. In the mid 80's and 90's, Edison began closing those facilities. One of the facilities under consideration for closing, as we understood it, was the Austin Bank Service Center. We approached Edison concerning this. SACCC and the Northwest Austin Council met with John Hooker and Sally Claire of Com Ed over a period of four months. The end result of these discussions was an agreement in February 1997 that the Austin Bank Service Center would remain open. That agreement was reduced to a letter and signed by the participants, including Edison. A true and accurate copy of this agreement is attached as Exhibit A of my testimony.

Q9 Describe the Austin Bank Service Center.

A9 The office was approximately 50 by 50 feet and was located in the eastern section of the bank. It consisted of a large open space with 6 desks, office equipment, a waiting area with benches, a bill payment counter and a supervisor office upstairs. On most days, 8 or 9 Edison employees were working at the Center. In its answer to a SACCC data request, Edison stated:

Com Ed generally staffed the Austin Bank Service Center from 1996 through 2002 with one supervisor, one commercial clerk, five office service representatives and three customer information representatives. For various periods in 1999, 2000, 2001 and 2002, the supervisor assigned to the Center also spent part of his or her time at other Com Ed facilities.

I am not clear on the distinction Edison makes between service representatives and information representatives, but I do not believe that were as many as ten Edison employees in the office, especially in the last few years prior to its closing. The numbers Edison sets out in its data request may include a security guard who sat at the Com Ed entrance as customers entered and exited.

Q10 Describe how the Austin Bank Service Center facilitated negotiations and communications between Edison and its customers.

A10 There are a number of ways customers are better served when interactions are face-to-face. One very practical one is that the Service Center contained a supervisor. Typically, customer service representatives have limited discretion to negotiate. They are given rigid standards for transactions such as deferred payment plans and cannot deviate without getting a supervisor involved. The standard deferred payment agreement, for example, was often the minimum required by Illinois Commerce Commission rules. The amount required as a down payment and the number of months to complete the plan were not possible for many customers, particularly low-income ones. When those customers were able to negotiate an affordable plan, they often successfully fulfilled the terms of the plan, to the benefit of both the customer and Edison.

Face-to-face negotiations are superior because communication is better. One reason is that documents can be shown or exchanged. Often, a point can be made easily and understood better when accompanied by a piece of paper concerning the matter under discussion. We are still at the place where, as a society, communications go more smoothly when done face to face. Whether it is that the parties concentrate better, are helped with the ability to make and see gestures or simply that is how the human mind works best, I cannot say, but it certainly is a phenomenon that I have observed on a consistent basis.

Of course, not every negotiation can be successful. Being able to see someone and know that the person saw you as a human being, makes acceptance of Edison's position more likely by a customer who did not achieve what s/he hoped to achieve. This factor might seem least important and most difficult to qualify, but based on the large number of interactions I have had with Edison's customers, I can vouch to the Commission that it is important. This has an impact on the Commission as well, as a customer who understands Edison's position and believes Edison's decision was based on understanding the customer's concerns is less likely to involve the Commission through the filing of a complaint.

Another somewhat intangible factor is accountability. There are two aspects of this. First is accountability from having the same Edison personnel in an office. They are more likely to treat people with respect and understand their needs. Another element of this first factor is that Edison representatives came to know some customers who came into the office more than once. This led to better decision-making by the representative, a situation that again benefits both Edison and the customer. The second element of accountability is seeing and being seen. Dealing face-to-face leads to courtesy and mutual respect as does the lack of anonymity.

Q11 What is your concern regarding customers not being able to make payments at the Austin Bank Service Center?

A11 My first concern is with increased cost to customers without any real savings to Edison (I will further discuss Edison's costs in Answer #19). In 2001, 113,000 customer payments were made at the Austin Bank Service Center. In my estimation, those customers will incur a minimum \$65,000 in additional costs per year to pay their utility bills.

The basis for this calculation is that a customer who paid in person or by dropping off a payment in the Austin Bank Service Center lock box will either pay by mail or at a currency exchange. The cost in each case, I believe, is fifty cents per payment. The mailing cost is the cost of postage, the cost of an envelope and the cost, if any, imposed by a bank for the check used to pay. A currency exchange charges at least fifty cents per bill. That is the aspect where I consider my calculation conservative. The reason for this is that there are only three payment centers in this area that are designated "authorized agents" of Edison. Other payment centers can, and do charge more, with the typical charge being one dollar. Many people end up at the more-expensive currency exchanges because Edison has done little to advise individual customers of which currency exchanges are "authorized agents." It is also not clear to me that authorized agent currency exchanges charge only the fifty cents they agreed would be a maximum. It is my understanding, based on hearing the 2002 City Council testimony of Edison's Revenue Department head Mark Falcone, that Edison merely investigates complaints of overcharging rather than actively monitoring the compliance of those agents.

Now fifty cents or a dollar per payment might not sound like a lot of money, but for many of the people served by SACCC in its role as LIHEAP processing agent, it certainly is. We obtain information on people's assets, income and expenses and an

amount as small as 50 cents can be 5-10% of the household's monthly disposable income.

Q12 Is there a problem with crediting payments now that the Austin Bank Service Center has closed?

A12 There is. When a payment was made at the Austin Bank Service Center, it was immediately entered into the Edison payment system. This was important to people who were making payments at the deadline for payment, something that many households' finances routinely required, and still require. The difference between prompt crediting and the delay attendant to paying by mail or at a currency exchange can mean the difference between (a) losing the right to participate in a deferred payment plan, (b) losing the right to participate in a budget billing plan, (c) losing the right to have a preferred billing date, or (d) having late payment charges assessed. The bottom line, in each instance described above, might very well be the difference between retaining and losing necessary utility service.

Q13 Do you have any other concerns with customers not being able to make payments at the Austin Bank Service Center?

A13 Yes, I do. The first is that the Austin Bank Service Center was a safe and secure location, at least compared to many currency exchanges, and customers are more at risk of robbery without the option to pay at the Service Center. The Austin Bank Service Center was also a good location for Edison in that the Bank provided at least one armed security guard (an off-duty policeman) at, I believe, no cost to Edison.

Q14 Please describe the problems attendant to a customer not being able to receive or give documents in person.

A14 I have, in this testimony, set out a great number of reasons why the Austin Bank Service Center is necessary. The most single compelling one is the inability of customers without service to obtain documents necessary to have their service restored. Delays of just days can mean the difference between life and death, or at least health and illness, for customers without essential utility service in the winter months.

Let me take a step back. The customer I have in mind is one without essential utility service and without the money to pay but who can have service restored by using money available under the LIHEAP Emergency Services component to pay all or a

portion of past due bills and, thus, restore service. This program does not run year-round, not to mention the fact that a person can only receive one grant per program year, so customers without service can only apply at certain times of the year. Of course, this leads to a rush when the doors of the program first open. Also, unfortunately, customers often wait until cold weather hits to deal with their shutoffs, which further increases the demand for service when the LIHEAP program begins operation.

When I speak of essential service, I mainly mean heat although lack of hot water and cooking service can have dire consequences for the young, the old and those with medical problems. It is of course true that Edison is less likely to supply heat and hot water service than Peoples Gas. However, in most instances electricity powers the furnace starter, fans and/or the pump so a heating plant that is fueled with gas does not work when the electric service is off.

The goal of the Emergency Services component, in fact it is a requirement contained in the federal legislation that created LIHEAP, is to process applications in 18 hours (48 hours when a threat to life is not present) once the person's application is complete. An application is not complete until all necessary documents are supplied to the processing agency. Now, most documents are in the person's control already although there certainly are times when the person has misplaced the current bill and needs a copy from Edison. Some documents especially the essential "gap" form (formerly called, and still at times referred to as, the "amount to restore form") are generated only by Edison.

The lack of a recent bill or some document from Com Ed which indicates the account number and, hopefully, the status of the account will hold up the application at the intake site. This will be especially dangerous to the customer in the case of the Emergency Services component of LIHEAP. The "gap" form as it is called is especially helpful to the intake site and the disconnected customer not only in serving as necessary document for those customers who did not have a recent bill but also to give both the customer and the intake worker an advance look at what Com Edison requires for reconnection. It is based not only on the amount owed but also on the individual customer's entitlement to various Commission and Edison reconnection plans. For example, according to the ICC Winter Reconnection Rules, Edison offers eligible customers reconnection upon payment of 20% of the past due amount, 20% of any required deposit and 20% of any applicable reconnection charges. This document greatly facilitates processing of applications for Emergency Service. That is because it can immediately be seen whether the applicant's regular grant plus

maximum allowable Emergency Services grant is sufficient to restore service. If the amount to restore exceeds the maximum aid available, the LIHEAP agency knows that the household must raise additional money on its own or negotiate more favorable terms.

Q15 Please discuss the ways Edison can quickly provide the form to an applicant.

A15 The best way by far is handing a copy to the Edison customer. None of the alternatives are as fast or as good. Applicants for Emergency Services are unlikely to have access to a computer or fax machine. Using someone else's would not be practicable in many cases and could also lead to additional costs to the household if it pays to receive a fax at a currency exchange for example. I list both fax machine and computer in my answer but do not know for a fact whether the form could be sent to a computer and printed in a form that would be acceptable to the Department of Commerce and Economic Opportunity, the state agency with authority over the LIHEAP program.

Mailing the form is an option, of course. However, this would involve days of delay to a situation that is, by definition, an emergency.

Finally, as Reverend Bynum states in her answer #8, the system of processing Emergency applications is stretched to a breaking point as it is and works efficiently only when the person and all necessary documents arrive at the same time.

Q16 Are there examples of other documents that it is necessary for a customer to be able to receive immediately from Edison.

A16 Although most of the situations I will describe do not involve threats to life, safety or health, such as does the LIHEAP Emergency Services situation, it is often necessary to provide documents sooner rather than later. Examples are bills and payment histories. These can be used for a variety of purposes including applying for non-emergency LIHEAP, applying for other types of aid and verifying to the Department of Children and Family Services that children are in a home where there is utility service.

Q17 Are there documents that it is important for customers to be able to show to Edison in person?

A17 Yes. There are a wide variety of situations where this is necessary. Some include: a death certificate verifying the death of the prior account holder, bankruptcy papers, proof that payment was made and/or a lease showing that the applicant for service is

not the person who left an unpaid bill behind. Providing these documents is of greatest concern when the issue involves disconnection of or refusal to connect service, as most of the examples above do involve. Days of loss of the provision of service, often very necessary service, can only come about when documents are provided to Edison by means other than handing them to a person. An additional example of a document useful to the customer in negotiating an extension of service or renegotiating a payment plan is the approval letter from CEDA of a LIHEAP grant. I had often advised customers in danger of disconnection or defaulting on a payment plan to bring in to the Com Ed representative their LIHEAP approval letter and as much money as they could come up with to at least get a short term extension on their service even they couldn't keep up with their bill or monthly payment. This personal interaction between customer and Com Ed representative often led to be a win-win situation to keep the customer's service on and to serve as a bridge payment to get back on the agreed upon payment plan. This situation is illustrated with the testimony of Leslie Barnes.

Q18 Edison has presented data showing that interactions at the Austin Bank Service Center declined over the years. How do you respond to that?

A18 Edison broke down its interactions into two broad categories: bill payments and all other transactions. Edison shows that 113,000 people paid bills at the Austin Bank Service Center in 2001. First, although this represents a decline, it is a lot of people. The cost savings of \$30,000 achieved by Edison (further discussed in my answer 19) is less than half the cost increase to Edison's customers (see my answer #11).

Second, the numbers of interactions went down partly because of Edison's policies and actions. Obviously a customer was not counted if that customer refused to wait in a long line. Edison had a direct telephone hookup at its office to the 1-800-Edison-1 number. Customers who availed themselves of the telephone, possibly because they chose this method to avoid waiting, were also not counted in the office interactions totals. As the testimony of Reverend Bynum shows (answer #9) Edison less fully staffed the Austin Bank Service Center in 2001 as compared to earlier periods. I cannot state whether this was done to further Edison's contention that the office should be closed because it no longer was efficient, but the result is the same as if it were intentional.

Q19 What costs did Edison save by closing the Austin Bank Service Center?

A19 I attended the Chicago City Council Energy subcommittee hearing October 30, 2002. Mark Falcone presented testimony as Edison's Director of Revenue Management. He

testified that the cost of the Austin Bank Service Center was \$400,000 per year but that \$370,000 of those costs were labor costs, and that closing the Center did not result in the layoff of any employees. Thus, according to Edison it saved a mere \$30,000 by closing the Austin Bank Service Center.

Let me put this in perspective. I am not sure whether the \$400,000 cost and \$30,000 costs savings was specific to any year so I will compare that amount to total costs of Edison's parent for several years. That company was Exelon in 2001 and Unicom in 1999. The comparison will be between total costs and revenues and the \$30,000 saved.

Unicom revenues	\$ 6,848,000,000	0.00043%
Unicom expenses	\$ 5,662,000,000	0.00052%
Unicom O&M expense	\$ 2,428,000,000	0.00123%
Exelon revenues	\$15,140,000,000	0.00021%
Unicom expenses	\$11,778,000,000	0.00025%
Unicom O&M expense	\$ 4,393,000,000	0.00068%

Q20 Does this conclude your testimony?

A20 I have one last observation. I do not know if the Illinois Commerce Commission has received more inquiries or requests for assistance from Com Ed customers since the closing of the service office, but my impression is that SACCC has. It appears that more SACCC interventions are needed for relatively simple negotiations and service requests that the customer him/herself could have handled in person; the Arlecia Reynolds testimony is an example of that. Since the closing, SACCC has also been attempting to train Com Ed customers on how to present their cases over the phone in the best possible way, that is, in presenting a specific payment plan or extension request including a time frame and payment amount, and to ask for a supervisor if necessary. At least a part of this problem comes from difficulties working out problems between strangers over the phone, I believe. Many customers are having a hard time negotiating their situations over the phone. In one case, that I also verified by calling the account in to 1-800-Edison-1, both the customer and I were disconnected by Com Ed with the recorded message that the customer "is not eligible for a payment plan. Good Bye." This case involved a customer who had defaulted on a payment plan.



Bob Vondrasek

EXHIBIT A
(TWO SIDES)



February 27, 1997

South Austin Coalition
5090 W. Harrison Street
Chicago, Illinois 60644

Northwest Austin Council
5758 W. Potomac Avenue
Chicago, Illinois 60651

Representatives:

Pursuant to our ongoing conversations regarding Commonwealth Edison's Austin Bank Service Center, the undersigned agree as follows:

- Commonwealth Edison to staff three Customer Interview Representative positions... PLUS A SUPERVISOR.
- Commonwealth Edison to supplement Customer Interview Representatives when anticipated customer usage requires.
- Up to five telephones with direct contact to Commonwealth Edison Customer Service Representatives will be installed for customer use.
- Commonwealth Edison and South Austin Coalition will meet every three months to review data regarding activities at Austin Bank Service Center.

<u>Sally T. Clair</u>	<u>Lillian L. Drummond</u>	<u>Leola Spain</u>
<u>John J. Hooker</u>	<u>Red Elizabeth Byrum</u>	<u>Ted Smucker</u>
<u>Ivan L. Brown</u>	<u>Otto McMath</u>	
Commonwealth Edison	South Austin Coalition	Northwest Austin Council

EXHIBIT A
(TWO SIDES)

June 15, 1987

Mr. Paul F. Hanzlik
Isham, Lincoln & Beale
Three First National Plaza
Chicago, Illinois 60602

RE: South Austin Coalition Community Council,
et. al. v. Commonwealth Edison Company
Ill. C.C. Docket 86-0046

Dear Mr. Hanzlik,

I am writing you pursuant to our telephone conversation of June 10.

Settlement discussions in the above matter began at our meeting with you on April 8, 1987, at the Polk Street office. Following this meeting, representative of Complainant met several times with Mr. Paul Cohen of Edison to visit and to discuss possible sites for a customer service facility on the West Side. After visiting several sites, it appeared that finding a possibility that would meet the requirements of both groups would prove difficult. However, it then became known that space might be available at the Austin National Bank at 5645 W. Lake St. Representatives of the Complainants notified Mr. Cohen and, despite some confusion over a meeting time to visit the site together, you told me that Mr. Cohen visited the site and that Edison "likes the site." I understand that, pending discussions with the gas company, we might expect to hear from you within two weeks on Edison's position on this site.

Should this site be acceptable to your clients and to ours, we would be prepared to continue discussions of a possible settlement of our ICC case. Pursuant to our understanding that the Commission continues to postpone action on this case per your request, we would ask that you notify the Commission that our discussions continue.

We are eager to see this case come to a close soon, either through an acceptable settlement agreement or through an order by the Commission. As you may know, Stefan Krieger will leave Mandel after July 1st, and Gary H. Palm will then be handling this case. We look forward to working with you to reach an appropriate conclusion to this matter.

Sincerely yours,

Andrew Patner
Second-Year Law Student